Office of the Secretary
Service Date
November 23, 2005

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION OF INTRASTATE PRESUBSCRIBED INTEREXCHANGE CARRIER (LPIC) CHANGE CHARGES	)))))	**CASE NO. GNR-T-05-1** **ORDER NO. 29916**

On March 28, 2005, the Commission issued a Notice of Investigation and Notice of Modified Procedure, Order No. 29743, to investigate whether the intraLATA primary interexchange carrier (LPIC) change charges established by the Commission should coincide with the prescribed interexchange carrier (PIC) change charges established by the Federal Communications Commission (FCC). Additionally, the Commission requested information from Idaho's incumbent local exchange carriers (ILECs) on their capabilities and actual usage levels of electronic processing for PIC/LPIC changes. Comments were filed by Qwest Corporation, Verizon Northwest Inc., Citizens Telecommunications Co., CenturyTel, and Commission Staff. With this Order the Commission implements a safe harbor schedule for LPIC change charges that coincides with the FCC's PIC change charges.

BACKGROUND

On March 15, 2005, the FCC issued a Report and Order (47 C.F.R. Chapter I, CC Docket No. 02-53, FCC 05-32) revising its PIC charge policies. On April 8, 2005, the FCC extended its previously set deadline for the filing of revised federal tariffs for interstate PIC change charges from April 14, 2005 to October 17, 2005. PIC change charges are federally tariffed charges imposed by ILECs on end-user subscribers when these subscribers change their long distance carriers. The Report and Order requires ILECs to create separate PIC change charges based on the method used to process the request. Based on cost information submitted in the record of the proceeding, the Report and Order adopts safe harbors below which PIC change charges will be considered reasonable. These safe harbors are \$1.25 for electronically processed PIC changes and \$5.50 for manually processed PIC changes. Additionally, ILECs must also revise their federal tariffs to reflect a rate that is equal to 50 percent of the full PIC change charge rate when a customer requests a PIC change in conjunction with an LPIC change.

The FCC's previous safe harbor was set at $5.00. Under the safe harbor, companies could tariff a charge of up to $5.00 without providing cost studies. If a carrier desired to tariff a higher charge, it had to provide cost support to justify the higher amount. The FCC's new safe harbor applies only to PIC changes for interstate long distance. IntraLATA PIC (LPIC) change charges are tariffed at the state level. Although the Commission has not formally established a safe harbor rate for LPIC change charges, it has established a precedent of approving a rate that is within the FCC's safe harbor of $5.00 without requiring the company to submit detailed cost support. When the new rates for interstate PIC change charges become effective there will be a lack of consistency between the charges for changing PICs and LPICs.

The Commission opened this docket to investigate whether the LPIC change charges established by the Commission should coincide with the PIC change charges established by the FCC. Additionally, the Commission requested information from Idaho ILECs on their capabilities and actual usage levels of electronic processing for PIC/LPIC changes.

SUMMARY OF COMMENTS/RECOMMENDATIONS

Qwest recommended and requested that the Commission refrain from requiring any changes to intrastate tariffs until the FCC grants or denies Qwest's pending Petition for Reconsideration regarding the 50% rule from the FCC Order. Additionally, Qwest requested that, in the event the Commission orders changes, it also grant the affected LECs a reasonable period of time to implement any changes to their billing and other internal systems that may be required.

Verizon stated that it had no objection to the Commission mirroring the FCC's PIC change charge Order, but requested that the Commission make a decision as soon as possible as it is currently modifying its systems to implement the new FCC rates by October 1. Verizon also requested that if the Commission decides to mirror the FCC safe harbor rates, that it be allowed to modify its state access tariff to refer to the rates in the FCC Tariff No. 14.

Frontier stated that action by the Commission to mirror federal PIC change charges with the LPIC change charge is unnecessary and should not be implemented.

CenturyTel simply provided information regarding actual usage levels of electronic processing for PIC/LPIC changes.

Staff recommended that the Commission adopt as a safe harbor the same pricing structure for LPIC change charges as adopted by the FCC for interstate PIC change charges, and require that all incumbent local exchange carriers file changes to LPIC charges in the appropriate Idaho tariffs to become effective at the same time as changes to interstate PIC charges that are filed at the federal level.

FINDINGS

We find a safe harbor pricing structure for LPIC change charges that is consistent with, and mirrors, the FCC's safe harbor for PIC change charges to be reasonable and prudent. The FCC's Order was based upon cost information submitted in the record of its proceeding. We have not been presented with any information that would be contradictory to establishing the same price levels as a safe harbor for LPIC change charges. Requiring detailed cost submissions of each carrier to individually set each LPIC change charge would be unduly burdensome for both the companies and the Commission. Thus, we find that adoption of a safe harbor approach, where carriers may tariff LPIC change charges that are equal to or less than the safe harbor rate without detailed cost studies, to be reasonable. However, we note that although we are establishing safe harbor pricing levels for LPIC changes, carriers still have the option to request higher rates and submit cost studies showing their costs exceed the safe harbor limits.

Although we understand that Qwest has petitioned the FCC for reconsideration of that portion of its Order that deals with the authorized 50% charge when a customer requests a change to the PIC as well as the LPIC, we are not inclined in this instance to wait for additional Orders or statements from the FCC. It is important for companies in our jurisdiction to have advance notice of our decision in order to revise their state tariffs and make any other changes or adjustments that may be required to implement the new LPIC change charges. Additionally, the FCC found that when a PIC change and an LPIC change are submitted simultaneously, only a single charge is allowed. Thus, it required the tariffs to include a rate that is 50% of the regular charge in these instances. In order for the company to recover the remaining 50% of its cost, it is necessary, as anticipated by the FCC's Order, to recover that amount from the state jurisdiction through the state tariffs.

Although the way a customer requests PIC and LPIC changes may impact the charges that result, we are not ordering any special customer notification or education. A special notice regarding LPIC and PIC change charges, and how the request to change either, or both, affects the charge to be imposed, would likely result in more confusion than clarity for customers.

O R D E R

IT IS HEREBY ORDERED that the intrastate/intraLATA primary interexchange carrier (LPIC) change charge shall coincide with the FCC's PIC change charge safe harbor pricing structure. LPIC change charges at or below the safe harbor pricing structure will be considered reasonable. The safe harbors are $1.25 for electronically processed LPIC changes and $5.50 for manually processed LPIC changes. Additionally, when a customer requests an LPIC change in conjunction with a PIC change, the company shall charge a rate that is equal to 50% of the full LPIC change charge rate, for both electronic and manual changes.

IT IS FURTHER ORDERED that all incumbent local exchange carriers shall file the appropriate changes in their Idaho tariffs to become effective at the same time as the changes that they must file in their federal tariffs.

IT IS FURTHER ORDERED that no special customer notice or education, other than that normally given pursuant to Commission Rules, is ordered or required.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd day of November 2005.

PAUL KJELLANDER, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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